

NEW SECTION

WAC 296-14-520 Why is it important to establish the worker's monthly wage? The department or self-insurer is required to establish a monthly wage that fairly and reasonably reflects workers' lost wages from all employment at the time of injury or date of disease manifestation. This monthly wage, which is calculated using the formulas in RCW 51.08.178, represents the worker's lost earning capacity. This monthly wage is used to calculate the rate of the worker's total disability compensation or beneficiary's survivor benefits under Washington's Industrial Insurance Act.

NEW SECTION

WAC 296-14-522 What does the term "wages" mean? The term "wages" is defined as:

(1) The gross cash wages paid by the employer for services performed. "Cash wages" means payment in cash, by check, by electronic transfer or by other means made directly to the worker before any mandatory deductions required by state or federal law. Tips are also considered wages but only to the extent they are reported to the employer for federal income tax purposes.

(2) Bonuses paid by the employer of record as part of the employment contract in the twelve months immediately preceding the injury or date of disease manifestation.

(3) The reasonable value of board, housing, fuel and other consideration of like nature received from the employer at the time of injury or on the date of disease manifestation that are part of the contract of hire.

Exception: Payments for items other than board, housing, fuel or other consideration of like nature made by the employer to a trust fund or other entity for fringe benefits do not constitute wages.

NEW SECTION

WAC 296-14-524 How do I determine whether an employer provided benefit qualifies as "consideration of like nature" to board, housing and fuel? To qualify as "consideration of like nature" the employer provided benefit must meet all of the following elements:

(1) The benefit must be objectively critical to protecting the worker's basic health and survival at the time of injury or date of disease manifestation.

(a) The benefit must be one that provides a necessity of life at the time of injury or date of disease manifestation without which employees cannot survive a period of even temporary disability.

(b) This is not a subjective determination. The benefit must be one that virtually all employees in all employment typically use to protect their

immediate health and survival while employed.

(c) The benefit itself must be critical to protecting the employee's immediate health and survival. The fact that a benefit has a cash value that can be assigned, transferred, or "cashed out" by an employee and used to meet one or more of the employee's basic needs is not sufficient to satisfy this element.

(2) The benefit must be readily identifiable. The general terms and extent of the benefit must be established through the employer's written policies, or the written or verbal employment contract between the employer and worker (for example, a collective bargaining agreement that requires the employer to pay a certain sum for the employee's health insurance).

(3) The monthly amount paid by the employer for the benefit must be reasonably calculable (for example, as part of the employment contract, the employer agrees to pay three dollars for each hour worked by the employee for that person's health insurance).

Examples of benefits that qualify as "consideration of like nature" are medical, dental and vision insurance provided by the employer.

Examples of benefits that do **not** qualify as "consideration of like nature" are retirement benefits or payments into a retirement plan or stock option, union dues and life insurance provided by the employer.

NEW SECTION

WAC 296-14-526 Is the value of "consideration of like nature" always included in determining the worker's compensation? (1) No. The value of other consideration of like nature is only included in the worker's monthly wage if:

(a) The employer, through its full or partial payment, provided the benefit to the worker at the time of injury or on the date of disease manifestation;

(b) The worker received the benefit at the time of injury or on the date of disease manifestation; and

(c) Subsection (1)(b) of this section is satisfied if, at the time of injury or on the date of disease manifestation:

(i) The employer made payments to a union trust fund or other entity for the identified benefit; and

(ii) The worker was actually eligible to receive the benefit.

Example: At the time of the worker's industrial injury, the employer paid two dollars and fifty cents for each hour worked by the employee to a union trust fund for medical insurance on behalf of the employee and her family. If the employee was able to use the medical insurance at the time of her injury, the employer's monthly payment for this benefit is included in the worker's monthly wage, in accordance with (d) of this subsection. This is true even where the worker's eligibility for this medical insurance is based primarily or solely on payments to the trust fund from past employers.

(d) The worker or beneficiary no longer receives the benefit and the department or self-insurer has knowledge of this change.

If the worker continues to receive the benefit from a union trust fund or other entity for which the employer made a financial contribution at the time of injury or on the date of disease manifestation, the employer's monthly payment for the benefit is **not** included in the worker's monthly wage.

Example: An employer contributes two dollars and fifty cents for each hour an employee works into a union trust fund that provides the employee and her family with medical insurance. If the employer stops contributing to

this fund, but the worker continues to receive this benefit, the employer's monthly payment for the medical insurance is not included in the worker's monthly wage.

(2) This rule does not permit the department or self-insurer to alter, change or modify a final order establishing the worker's monthly wage except as provided under RCW 51.28.040.

NEW SECTION

WAC 296-14-528 How do I determine the value of a benefit that qualifies as "consideration of like nature"? The amount paid by the employer for the benefit at the time of injury or on the date of disease manifestation represents the amount that may be included in the worker's monthly wage.

NEW SECTION

WAC 296-14-530 Is overtime considered in calculating the worker's monthly wage? (1) When the worker's monthly wage is computed under RCW 51.08.178(1), only the overtime hours the worker normally works are taken into consideration.

(2) When the worker's monthly wage is computed under RCW 51.08.178(2), the overtime pay is included in determining the worker's wages.